

SENATE BILL REPORT

SB 6246

As of February 6, 2018

Title: An act relating to school district elections.

Brief Description: Providing for approval of school district bonds by fifty-five percent of the voters voting.

Sponsors: Senators Mullet, Palumbo, Carlyle, Fain, Frockt, Dhingra, Pedersen, Wellman, Kuderer, Keiser, Billig, McCoy, Takko, Rolfes, Cleveland, Lias, Hunt, Conway, Van De Wege and Miloscia.

Brief History:

Committee Activity: State Government, Tribal Relations & Elections: 1/24/18, 1/26/18, 2/02/18 [DPS-WM, w/oRec].

Ways & Means: 2/05/18.

Brief Summary of First Substitute Bill

- Lowers voter approval threshold to 55 percent for school districts to issue general obligation capital bonds, levy taxes to pay off the bonds.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 6246 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Saldaña and Zeiger.

Minority Report: That it be referred without recommendation.

Signed by Senator Miloscia, Ranking Member.

Staff: Samuel Brown (786-7470)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Richard Ramsey (786-7412)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: General Obligation Bonds. The board of directors of a school district may borrow money and issue bonds for any capital purpose. The amount that may be borrowed is limited by the state Constitution and state statutes.

School districts may exceed the constitutional debt limit for construction of 1.5 percent of the assessed value of property in the district, up to 5 percent indebtedness, with approval of at least 60 percent of the voters at an election where the total number of voters is at least 40 percent of the total at the last preceding general election. State statute imposes a lower threshold of 0.375 percent indebtedness, but allows districts to exceed this threshold to a total indebtedness of 2.5 percent with the approval of at least 60 percent of the voters voting.

Maintenance and Operation Levies and Capital Levies. Under constitutional restrictions on property taxes, school districts may collect property tax revenues in excess of 1 percent of the assessed value of property in the district for the maintenance and operation of common schools, or the construction, modernization, or remodeling of school facilities. In 2007, the voters approved a constitutional amendment allowing school districts to levy this additional tax by a simple majority of the voters voting at an election for that purpose.

Bond Levies. School districts may also levy taxes above the 1 percent limit to make required payments of principal and interest on bonds issued for capital purposes if approved by at least 60 percent of the voters at an election where the total number of voters is at least 40 percent of the total at the last preceding general election.

Constitutional Amendment. A proposed amendment to the state constitution must be approved by two-thirds of the members elected to each house of the Legislature, and then approved by a majority of the voters in the next general election.

Summary of Bill (First Substitute): School districts may issue general obligation bonds for capital purposes, levy taxes to make payments on those bonds, with 55 percent voter approval regardless of voter participation levels.

Additional information must be provided to voters on school construction measures, including notice of projects to be constructed and estimates of other funds available to support the projects. The school district superintendent must publish a final report describing the uses of bond funds after construction is completed.

EFFECT OF CHANGES MADE BY STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS COMMITTEE (First Substitute): Additional information must be provided to voters on school construction measures, including notice of projects to be constructed and estimates of other funds available to support the projects. The school district superintendent must publish a final report describing the uses of bond funds after construction is completed.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed. However, the act is null and void if the state constitutional amendment proposed by SJR 8213 is not approved by voters and ratified at the next general election.

Staff Summary of Public Testimony on Original Bill (State Government, Tribal Relations & Elections): *The committee recommended a different version of the bill than what was heard.* PRO: We arrived at this number as a compromise—this strikes a balance between people who are concerned about a slightly higher threshold for capital bond issuance and districts who have been failing bond measures at 57 or 58 percent. Making these capital investments at the state level inhibits our ability to fund other programs. Bonding is a challenge for our school district, and we are looking at aging facilities without hope of refurbishing or replacing them. Since 2011, 22 bond measures in eastern Washington school districts have received at least 55 percent support, but still failed. Students deserve better. Many school districts whose bond measures initially fail keep trying, and when they do finally pass, there are higher building costs and lower requests than initially submitted.

CON: There may only be one chance to change this, so we'd recommend going to a simple majority. The supermajority requirement requires districts to be disciplined in the improvements they want to make, maintain their current structures more effectively, and seek community input to obtain passage of bond proposals.

Persons Testifying (State Government, Tribal Relations & Elections): PRO: Senator Mark Mullet, Prime Sponsor; Eric Swanson, Superintendent, Omak School District; Jim Kowalkowski, Superintendent, Davenport School District; Jessica Vavrus, Washington State School Directors' Association.

CON: Lucinda Young, Washington Education Association; Glen Morgan, citizen.

Persons Signed In To Testify But Not Testifying (State Government, Tribal Relations & Elections): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: The bill represents a middle ground approach but also make it easier for school districts to pass bonds. Fifty-five percent is still a supermajority. The policy behind that is that you are still committing future taxpayers to pay the debt service. Toledo High School is one of the failures to achieve 60 percent, but would be able to pass a bond at the lower threshold. There is a relationship between local bond passage and enhancements to the school construction assistance program (SCAP). The more you put into SCAP will reduce the amount school districts have to ask of their voters and likely increase the likelihood of bond passage. This is an incremental improvement.

Persons Testifying (Ways & Means): PRO: Senator Mark Mullet, Prime Sponsor; Brian Sims, Washington State School Directors' Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.